



Health and Welfare
Canada

Santé et Bien-être social
Canada

SOCIAL SECURITY AGREEMENT

SUMMARY

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Canada and Australia



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**INCOME
SECURITY PROGRAMS**

Canada

Foreword

The Reciprocal Agreement on Social Security between Canada and Australia was signed on July 4, 1988, and came into force on September 1, 1989.

This summary describes in general terms how the Agreement may help individuals qualify for Canadian or Australian benefits. It is intended for persons residing in Canada.

It should be noted that, in addition to the entitlement conditions for benefits outlined in this summary, other conditions may be stipulated in the social security laws of either country. Further information about the conditions for entitlement to Canadian benefits and how they affect a particular case may be obtained from any Client Service Centre of Income Security Programs Branch. The telephone number and address of the nearest Centre can be found in the federal government listing of the telephone directory under "Health and Welfare Canada".

Only the Australian Department of Social Security can provide specific information on the entitlement conditions for Australian benefits and how they affect a particular case. To avoid delays or loss of benefits, persons who think they may be eligible for one of the Australian benefits described in this summary should submit an application. Information on how to apply is given on page 15 of this summary.

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Introduction

The Reciprocal Agreement on Social Security between Canada and Australia coordinates the Canadian and Australian programs which protect individuals in the event of old age, retirement, disability or death. It has two basic objectives:

- (1) to ease or eliminate restrictions on the payment of social security benefits abroad;
- (2) to assist migrants in qualifying for benefits based on the periods they have lived or worked in each country.

The Canadian benefits included in the Agreement are those paid under the Old Age Security program and the Canada Pension Plan. These benefits are described in pages 1 to 7.

The Australian benefits included in the Agreement are the age, invalid, wives', carers' and pensions payable to widowed persons which include the widow's pension, sole parent's pension and the widowed person's allowance paid under the Australian social security system. These benefits are described in pages 8 to 14.

Canadian Old Age Security Benefits

Canada's Old Age Security Act provides for three benefits: the basic pension, the Guaranteed Income Supplement and the Spouse's Allowance.

The Old Age Security Pension

The basic Old Age Security pension is a monthly benefit paid to persons who have reached age 65 and who meet the residence requirements. For receipt of the pension in Canada, this requirement is a minimum of

10 years of residence in Canada after reaching age 18. For indefinite receipt of the pension abroad (including the case of a person applying for a pension while residing abroad), the requirement is a minimum of 20 years of residence in Canada after reaching age 18. A person who is receiving a pension in Canada but who has not completed 20 years of residence may, on leaving Canada, receive the pension only for the month of departure and for the six following months.

Through the Agreement, an individual who has at least one year of residence in Canada after reaching age 18, but not residence of sufficient length to be entitled to an Old Age Security pension, may use periods of residence in Australia after reaching age 16 and before reaching the age at which an Australian age pension is payable (60 years if a woman or 65 years if a man) to satisfy the entitlement conditions for a pension. For example, a person who has resided in Canada for nine years after reaching age 18 may qualify for a pension payable in Canada if he or she has resided in Australia for at least one year after reaching age 16.

As well, through the Agreement, a person who has at least one year of residence in Canada after reaching age 18, but not the 20 years required for receipt of the Old Age Security pension abroad on an indefinite basis, may satisfy the 20-year condition by using periods of residence in Australia after reaching age 16 and before reaching the age at which an Australian age pension becomes payable (60 years if a woman or 65 years if a man).

The Guaranteed Income Supplement

The Guaranteed Income Supplement is a monthly benefit payable in addition to an Old Age Security pension to a beneficiary

who has little or no income other than the basic Old Age Security pension. The supplement is essentially payable only to residents of Canada. However, if a recipient leaves Canada, it may be paid abroad for the month of departure and for the six following months.

The Spouse's Allowance

The Spouse's Allowance is a monthly benefit payable to the 60- to 64-year-old spouse of a beneficiary of the Guaranteed Income Supplement and to a widowed person in the same age group who has little or no personal income. At age 65, the Spouse's Allowance is replaced by the Old Age Security pension. At least 10 years of residence in Canada after reaching age 18 are required to qualify for a Spouse's Allowance. Like the Guaranteed Income Supplement, the Spouse's Allowance is essentially payable only in Canada. However, if a recipient leaves Canada, it may be paid abroad for the month of departure and for the six following months.

Through the Agreement, an individual who has at least one year of residence in Canada after reaching age 18, but not the 10 years required to be entitled to a Spouse's Allowance, may satisfy the 10-year condition by using periods of residence in Australia after reaching age 16 and before reaching the age at which an Australian age pension is payable (60 years if a woman or 65 years if a man).

Calculating Old Age Security Benefits under the Agreement

The amount of the Old Age Security pension payable under the Agreement is equal to 1/40th of a full pension for each complete year of residence in Canada after reaching age 18. It is calculated in the same way as is a partial pension under the Old Age Security Act if eligibility is established without recourse to an agreement.

The amount of the Spouse's Allowance is determined by the couple's income or, in the case of a widowed person, by the personal income of the beneficiary.

Payment of Old Age Security Benefits

Old Age Security benefits are paid by Health and Welfare Canada in Canadian funds directly to the beneficiary, whether he or she lives in Canada or abroad.

Canada Pension Plan Benefits

The Canada Pension Plan provides benefits in the event of retirement, disability or death of a contributor. The Plan, which began operation in 1966, covers virtually all persons engaged in paid employment or self-employment in Canada, except in Quebec where a similar plan, the Quebec Pension Plan, is in effect.

Canada Pension Plan benefits may be paid anywhere in the world, without any restriction whatsoever.

The Canada Pension Plan Retirement Pension

A retirement pension is a monthly benefit payable to a contributor who has reached retirement age and who has made contributions to the Plan in at least one year.

The normal retirement age is 65. A person who has reached this age may receive a retirement pension even if he or she is still working. A retirement pension may also be paid to a contributor aged between 60 and 64 who has completely ceased paid employment or whose employment earnings, at an annual rate, do not exceed the amount of the

maximum annual retirement pension payable to a person whose pension begins at age 65.

If an individual starts to receive a retirement pension before age 65, the pension is reduced by 0.5 percent for each month between the month the pension begins and the month of the person's 65th birthday. The reduction is permanent. Conversely, if the pension starts after the individual reaches age 65, it is increased in a comparable manner.

Canada Pension Plan Disability Benefits

A disability pension is a monthly benefit payable to a contributor who is disabled and who has made contributions to the Plan in at least five of the ten or in two of the three calendar years immediately preceding disablement.

A contributor is considered to be disabled if he or she has a physical or mental disability which is both severe and prolonged. "Severe" means that the individual cannot regularly pursue any substantially gainful occupation. "Prolonged" means that the disability is likely to be long continued and of indefinite duration, or is likely to result in death.

A monthly child's benefit is also payable for each dependent child of a disabled contributor. The child must be under age 18, or age 18 or older but under age 25 and in full-time attendance at school or university.

Through the Agreement, a person who has some periods of contributions to the Canada Pension Plan, but who does not have sufficient contributions in the years immediately preceding disablement, may use periods of residence in Australia after reaching age 16 to satisfy the conditions for entitlement to a Canada Pension Plan disability benefit.

Canada Pension Plan Survivors' Benefits

A surviving spouse's pension is a monthly benefit payable to the surviving spouse of a deceased contributor who had made contributions to the Plan for a minimum period (between three and ten calendar years, depending on the age of the contributor at the time of death). Surviving spouse's pensions are payable on the same conditions to widows and widowers. They are payable even if the surviving spouse remarries.

The "surviving spouse of the contributor" is the person of the opposite sex living with the contributor in a conjugal relationship (whether or not there was a marriage) at the time of death or, if there is no such person, the legal spouse (even if that legal spouse was not living with the contributor at the time of death). If the surviving spouse and deceased contributor were not legally married, they must have lived together for at least one year.

To qualify for a benefit, a surviving spouse who is under age 35 at the time of the contributor's death must be caring for a child of the contributor or he or she must be disabled as defined by the Canada Pension Plan.

A monthly orphan's benefit is also payable for each dependent child of the deceased contributor. The child must be under age 18, or age 18 or older but under age 25 and in full-time attendance at school or university.

A death benefit is payable to the estate of a deceased contributor who had made contributions to the Plan for a minimum period (between three and ten calendar years, depending on his or her age at the time of death).

Through the Agreement, when a spouse or child is not entitled to a survivor's benefit because the deceased had not completed sufficient periods of contributions to the

Canada Pension Plan, periods during which the deceased resided in Australia after reaching age 16 and before reaching the age at which an Australian age pension is payable (60 years if a woman or 65 years if a man) may be used to satisfy the conditions for entitlement to a Canada Pension Plan survivor's benefit.

Calculating Canada Pension Plan Benefits under the Agreement

The retirement pension, the surviving spouse's pension payable at age 65 and the death benefit are based on the earnings of the contributor while under the Canada Pension Plan and on the number of years of contributions to the Plan. The disability pension and the surviving spouse's pension payable before age 65 are composed of two parts: a benefit related to the earnings of the contributor and a flat-rate benefit. Benefits paid on behalf of a contributor's children are all flat-rate.

If entitlement to a Canada Pension Plan benefit is established under the Agreement, the flat-rate component is calculated in proportion to the periods during which contributions were made to the Plan relative to the minimum period of contributions required for entitlement to the benefit. The earnings-related component is calculated in the same way as is a benefit which is paid without recourse to the Agreement.

Payment of Canada Pension Plan Benefits

Canada Pension Plan benefits are paid by Health and Welfare Canada in Canadian funds directly to the beneficiary, whether he or she lives in Canada or abroad.

Australian Benefits Included in the Agreement

Age Pension

An Australian age pension is payable to a woman aged 60 or over and to a man aged 65 or over.

Entitlement to an age pension depends on the claimant's income and on the value of his or her assets. A married claimant is considered to have half of the total income and assets of the couple. A permanently blind claimant is entitled to an age pension irrespective of his or her (or the couple's) other income or assets.

To qualify for an age pension, a person must be an Australian resident and present in Australia when claiming the pension. As well, the person must have resided in Australia, at any time in his or her life, either for 10 continuous years or for separate periods that total at least 10 years, including one continuous period of at least five years.

Through the Agreement, a person who resides in Canada may make a claim for an age pension as if he or she were an Australian resident and in Australia.

As well, through the Agreement, if a person has resided in Australia for at least one year, including a continuous period of at least six months, that person's periods of residence in Canada after reaching age 18 and periods of contributions to the Canada Pension Plan are considered equivalent to periods of residence in Australia, if required, to qualify for an age pension.

Invalid Pension

An Australian invalid pension is payable to a person aged 16 or over who is permanently incapacitated for work to an extent of at least 85 percent or who is permanently blind. The

invalid pension is converted to an age pension when the beneficiary reaches pension age (60 if a woman and 65 if a man), provided that he or she meets the residence requirements for an age pension.

Entitlement to an invalid pension depends on the claimant's income and on the value of his or her assets. A married claimant is considered to have half of the total income and assets of the couple. A permanently blind claimant is entitled to an invalid pension irrespective of his or her (or the couple's) other income or assets.

To qualify for an invalid pension, a person must be an Australian resident and present in Australia when claiming the pension. As well, if the incapacity or blindness occurred outside Australia, other than during a temporary absence, the person must satisfy the same residence conditions as apply to an age pension.

Through the Agreement, a person who resides in Canada may make a claim for an invalid pension as if he or she were an Australian resident and in Australia.

As well, through the Agreement, if a person becomes an invalid while not a resident of Australia, but has resided in Australia for at least two years, including a continuous period of at least six months, that person's periods of contributions to the Canada Pension Plan are considered equivalent to periods of residence in Australia, if required, to qualify for an invalid pension.

Wife's Pension

An Australian wife's pension is payable to the wife (whether legally married or common-law) of a man who is receiving an age or invalid pension and who is not entitled to an age or invalid pension in her own right. A wife's pension is not payable if the spouses are living apart from each other, unless the separation is due to the illness or infirmity of one or both of the spouses.

Entitlement to a wife's pension depends on the couple's income and on the value of their assets. The wife is considered to have half of the couple's total income and assets.

To qualify for a wife's pension, a woman must be an Australian resident and present in Australia when claiming the pension.

Through the Agreement, a woman who resides in Canada and who was, at some time in her life, an Australian resident may make a claim for a wife's pension as if she were an Australian resident and in Australia.

Carer's Pension

Under the Agreement, an Australian carer's pension is payable to a person who is not entitled to an age, invalid or wife's pension and who is providing constant and long-term care to a severely handicapped spouse receiving an age or invalid pension. A "severely handicapped spouse" is a spouse (whether legally married or common-law) who has a physical or mental disability which causes him or her to require constant care and attention and who is likely to need such attention permanently or for an extended period. The carer must provide the care personally in the home where the carer and his or her spouse both live.

Entitlement to a carer's pension depends on the couple's income and on the value of their assets. The spouse who provides the care is considered to have half of the couple's total income and assets.

To qualify for a carer's pension, a person must be an Australian resident and present in Australia when claiming the pension.

Through the Agreement, a person who resides in Canada and who was, at some time in his or her life, an Australian resident may make a claim for a carer's pension as if he or she were an Australian resident and in Australia.

Pensions Payable to Widowed Persons

1. Widow's Pension

An Australian widow's pension is payable to a legal widow or to a woman who, at the time of a man's death, had lived with him for at least three years on a permanent basis as his spouse and who was wholly or mainly maintained by him. The woman must:

- have previously been in receipt of an Australian sole parent's pension by virtue of having a dependent child aged under 16 in her care, and have reached age 45 on or before July 1, 1987, or
- have reached age 50 on or before July 1, 1987.

A widow's pension ceases to be payable if the widow remarries or begins to live with another man as his common-law spouse.

Entitlement to a widow's pension depends on the woman's income or assets.

To qualify for a widow's pension, a woman must be an Australian resident and present in Australia when claiming the pension. As well, if the widow and her spouse were not residing in Australia at the time of the spouse's death, the widow must have been an Australian resident either for at least five years immediately before claiming the pension or, at some time in her life, for a continuous period of at least 10 years.

Through the Agreement, a woman who resides in Canada may make a claim for a widow's pension as if she were an Australian resident and in Australia.

As well, through the Agreement, if a woman who was widowed while living outside Australia has resided in Australia for at least one year, including a continuous period of at least six months, periods during which she or her deceased spouse made contributions to the Canada Pension Plan are

considered equivalent to periods during which the widow resided in Australia, if required, to qualify for a widow's pension.

2. Sole Parent's Pension

An Australian sole parent's pension is payable to a person who is single because of the death of a legal or common-law spouse and who has at least one dependent child under the age of 16. In addition, that child must have, at some time, been an Australian resident.

Entitlement to sole parent's pension depends on the person's income or assets.

To qualify for sole parent's pension, a person must be an Australian resident and present in Australia when claiming the pension. As well, if the claimant and the late spouse were not residing in Australia at the time of the spouse's death, the claimant must have been an Australian resident either for at least five years immediately before claiming the pension or, at some time in his/her life, for a continuous period of at least 10 years.

Through the Agreement, a person who resides in Canada may make a claim for sole parent's pension as if he/she were an Australian resident and in Australia.

As well, through the Agreement, if a person who was widowed while living outside Australia has resided in Australia for at least one year, including a continuous period of at least six months, periods during which he/she or the deceased spouse made contributions to the Canada Pension Plan are considered equivalent to periods during which the claimant resided in Australia, if required, to qualify for a sole parent's pension.

A sole parent's pension ceases to be payable if the person remarries or begins to live with a person of the opposite sex as a common-law spouse.

3. Widowed Person's Allowance

This is a short-term benefit paid for the first 12 weeks following the death of a legal or common-law spouse, to the surviving spouse. A claim must be lodged within four weeks of the date of the spouse's death for the full 12-week payment to be made.

Entitlement to a widowed person's allowance depends on the claimant's income or assets.

A widowed person's allowance ceases to be payable if the claimant remarries or begins to live with a person of the opposite sex as a common-law spouse.

To qualify for a widowed person's allowance, a person must be an Australian resident and present in Australia when claiming the pension. As well, if the claimant and the late spouse were not residing in Australia at the time of the spouse's death, the claimant must have been an Australian resident either for at least five years immediately before claiming the pension or, at some time in his/her life, for a continuous period of at least 10 years.

Through the Agreement, if a person who was widowed while living outside Australia has resided in Australia for at least one year, including a continuous period of at least six months, periods during which the claimant or the deceased spouse made contributions to the Canada Pension Plan are considered equivalent to periods during which the widowed person resided in Australia, if required, to qualify for a widowed person's allowance.

Calculating Australian Benefits under the Agreement

The amount of an Australian age, invalid, wife's and carer's pension, and of a widowed person's pension payable to a resident of Canada, generally depends on two factors: the claimant's (or couple's) income and assets, and the length of the periods of his or

her residence in Australia between reaching age 16 and the age at which an age pension is payable (60 if a woman and 65 if a man).

As a result of the Agreement, when assessing the income of a person to determine the rate of an Australian pension, certain Canadian benefits are disregarded either entirely or in part. As a result, the rate of the Australian pension is higher.

Income which is disregarded entirely includes Guaranteed Income Supplement benefits, the part of the Spouse's Allowance equivalent to the Guaranteed Income Supplement, and any federal, provincial or territorial benefits of a similar nature (for example, social assistance payments). Income which is disregarded partially includes the Old Age Security pension and Canada Pension Plan benefits. The part which is disregarded is determined on the basis of the ratio of the length of the claimant's or pensioner's periods of residence in Australia relative to the 25 years required to receive a full Australian pension.

Once the amount of an Australian pension has been determined taking into account a claimant's income and assets, the amount of that pension which may be paid to a person residing in Canada is determined on the basis of the beneficiary's periods of residence in Australia relative to the 25 years of residence in Australia required to receive a full pension outside Australia.

Payment of Australian Benefits

Australian benefits are paid by the Australian Department of Social Security directly to the beneficiary, whether he or she lives in Australia or abroad.

Applying for Benefits under the Agreement

Additional information about the Agreement and assistance in applying for any of the Canadian or Australian benefits described in this summary are available from any Client Service Centre of Income Security Programs Branch. The telephone number and address of the nearest Centre can be found in the federal government listing of the telephone directory under "Health and Welfare Canada". Alternatively, inquiries may be addressed to:

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